

LAFCO of Napa County

Local Agency Formation Commission

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FEBRUARY 26, 2004
AGENDA ITEM NO. 7b

February 17, 2004

TO: Local Agency Formation Commission

FROM: Keene Simonds, Analyst

SUBJECT: *Comprehensive Water Service Study*: Service Review Determinations
Los Carneros Water District

At its December 11, 2003 meeting, staff presented the Commission with draft determinations for the Los Carneros Water District as part of the *Comprehensive Water Service Study*. The draft determinations were accompanied by an updated study section for the District and were presented to the Commission for a first-reading. Following this meeting, the draft determinations and updated study section were circulated for comment to the District in anticipation of presenting final determinations at the Commission's February 2004 meeting. There are no written comments from the District to report.

Revisions and an addition to the draft determinations are identified below, and a draft resolution for the District is offered for the Commission's consideration and approval. This draft resolution making determinations with respect to the District's water service operations would fulfill LAFCO's mandate under California Government Code §56430

Revision No. 1:

In the report received by the Commission in December, Determination No. 1 under the Growth and Population Projections section reads:

The Los Carneros Water District is under the land use authority of the County of Napa. Land located within the District is zoned "Agricultural Watershed" and "Agricultural Watershed – Airport Compatibility." These zoning standards essentially prohibit future residential and commercial development within the District by requiring minimum parcels sizes of at least 160 acres.

Following the release of the December report, staff identified two additional zoning standards located within Los Carneros Water District's jurisdictional boundary. These two standards are assigned to a 4.2-acre parcel zoned "Agricultural Watershed: Produce Stand" and a 1.19-acre split zone parcel zoned "Commercial Limited." As a result, this determination has been revised to read:

Harry Martin, Chair
Councilmember, City of Napa

Mike Rippey Vice-Chair
Supervisor, 5th District

Guy Kay, Commissioner
Representative of the General Public

Ken Slavens, Commissioner
Mayor, City of St. Helena

Brad Wagenknecht, Commissioner
Supervisor, 1st District

Volker Eisele, Alt. Commissioner
Representative of the General Public

Lori Luporini, Alt. Commissioner
Mayor, City of American Canyon

Bill Dodd, Alt. Commissioner
Supervisor, 4th District

Daniel Schwarz
Executive Officer

The Los Carneros Water District is under the land use authority of the County of Napa. Over 99 percent of land located within the District is zoned “Agricultural Watershed,” “Agricultural Watershed: Airport Compatibility,” or “Agricultural Watershed: Produce Stand.” These zoning standards help to restrict future development within the District by requiring minimum parcels sizes of at least 160 acres.

Revision No. 2:

In the report received by the Commission in December, Determination No. 1 under the Government Structure Options section reads:

The Los Carneros Water District is empowered under the California Water District Act to provide three municipal services: water, sewer, and hydroelectric power. Due to its agricultural land use designation under the County of Napa’s General Plan, the District does not require a full range of municipal services. Only water for irrigation of agriculture is an appropriate and needed service within the District.

In order to account for a 1.19-acre split zone parcel with a non-agricultural zoning standard located within Los Carneros Water District’s jurisdictional and sphere of influence boundaries, this determination has been revised to read:

The Los Carneros Water District is empowered under the California Water District Act to provide three municipal services: water, sewer, and hydroelectric power. Due to its predominant agricultural land use designation under the County of Napa’s General Plan, the District does not require a full range of municipal services. Only water for irrigation of agriculture is an appropriate and needed service within the District.

Addition No. 1:

The following determination has been added to the Growth and Population Projections section to account for the potential of non-agricultural development within Los Carneros Water District’s jurisdictional boundary:

Less than one percent of land located within Los Carneros Water District’s jurisdictional boundary is zoned for non-agricultural use by the County of Napa. This area is limited to a single split zone parcel zoned “Commercial Limited,” which upon grant of a use permit, could accommodate a variety of commercial uses within the District. Based on Measure J, which requires a vote of the citizens to change the zoning standard of any unincorporated agricultural property in Napa County through 2020, it is unlikely that the development of this parcel would induce the conversion of any adjacent agricultural land for commercial use or alter the service needs of the community other than reclaimed water service.

RECOMMENDATION

It is recommended for the Commission to take the following action:

- 1) Approve the form for the attached resolution making determinations with respect to the water service operations for the Los Carneros Water District pursuant to Government Code §56430.

Respectfully submitted,

Keene Simonds
Analyst

Attachment:

- 1) Draft Resolution

RESOLUTION NO. ____

**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
MAKING DETERMINATIONS**

**COMPREHENSIVE WATER SERVICE STUDY
SERVICE REVIEW
LOS CARNEROS WATER DISTRICT**

WHEREAS, the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) may conduct service reviews of local agencies pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq., hereinafter referred to as “Act”); and

WHEREAS, the Commission adopted a schedule for service reviews on October 11, 2001; and

WHEREAS, pursuant to Government Code Section 56430, the Executive Officer designated a countywide service review of public water service in Napa County, which includes territory under the jurisdiction of the Los Carneros Water District; and

WHEREAS, pursuant to its adopted schedule, the Commission held a public workshop on the “Comprehensive Water Service Study”, including the service review of the Los Carneros Water District’s water services, on June 12, 2003; and

WHEREAS, the Executive Officer prepared a written report of this service review that was presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its public workshop on June 12, 2003 and at meetings of the Commission on December 11, 2003, and February 26, 2004; and

WHEREAS, as part of this service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

**COMPREHENSIVE WATER SERVICE STUDY
SERVICE REVIEW
LOS CARNEROS WATER DISTRICT**

1. In accordance with the adopted Local Agency Formation Commission Environmental Impact Report Guidelines, and applicable provisions of the California Environmental Quality Act (CEQA), the Commission hereby determines that this service review is exempt from the provisions of CEQA under Section 15306 of the State CEQA Guidelines (Title 14 of the California Code of Regulations Section 15306). The service review is a data collection and research study. The information contained within the service review may be used to consider future actions that will be subject to environmental review.
2. The Commission adopts the statement of determinations set forth in "Exhibit A" which is attached and hereby incorporated by reference.

The foregoing resolution was duly and regularly adopted by the Local Agency Formation Commission of Napa County, State of California, at a regular meeting held on the 26th day of February, 2004, by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSTAIN: Commissioners _____

ATTEST: EXECUTIVE OFFICER

Clerk of the Commission

By: _____

EXHIBIT A

COMPREHENSIVE WATER SERVICE STUDY

SERVICE REVIEW

LOS CARNEROS WATER DISTRICT

STATEMENT OF DETERMINATIONS

1. With respect to infrastructure needs or deficiencies [Government Code §56430(a) (1)], the Commission determines that:
 - The Los Carneros Water District was formed in 1978 for the purpose of facilitating an agreement with the Napa Sanitation District for the delivery of reclaimed water for agricultural use. Although various proposed reclamation projects were considered over the next 25 years, none were implemented. As a result, the District remains dormant with no infrastructure or facilities relating to the provision of reclaimed water service.
 - Existing water supplies within Los Carneros Water District's jurisdictional boundary are satisfied through creek diversions from Carneros and Huichica Creeks and groundwater withdraws from the Carneros Valley Basin. These supplies are inadequate to sustain long-term agricultural demands within the District.
 - Due to increased demands and stronger environmental standards within their watersheds, Carneros and Huichica Creeks may be placed on the State Water Resources Control Board's list of fully appropriated stream systems, enhancing the need for an alternative water supply for landowners within the Los Carneros Water District.
 - There is limited information relating to the availability of groundwater within Los Carneros Water District's jurisdictional boundary. The District should work with the Napa County Resource Conservation District to begin evaluating groundwater capacities and enhancement opportunities in the Carneros area.
 - In the event of a drought, existing water supply constraints within Los Carneros Water District's jurisdictional boundary would be compounded and agricultural production would likely be subject to significant losses.
 - The Los Carneros Water District does not own, lease, or operate any facilities relating to the collection and treatment of wastewater, a prerequisite for producing reclaimed water. As a result, the District's ability to develop reclaimed water service is dependent upon importing supplies from an outside provider.

- The development of reclaimed water service within Los Carneros Water District's jurisdictional boundary offers the promise of lessening the demand for creek diversions and groundwater withdraws, and promotes the beneficial use of recycled water for agricultural use.

2. With respect to growth and population projections for the affected area [Government Code §56430(a) (2)], the Commission determines that:

- The Los Carneros Water District is under the land use authority of the County of Napa. Over 99 percent of land located within the District is zoned "Agricultural Watershed," "Agricultural Watershed: Airport Compatibility," or "Agricultural Watershed: Produce Stand." These zoning standards help to restrict future development within the District by requiring minimum parcels sizes of at least 160 acres.
- Less than one percent of land located within Los Carneros Water District's jurisdictional boundary is zoned for non-agricultural use by the County of Napa. This area is limited to a single split zone parcel zoned "Commercial Limited," which upon grant of a use permit, could accommodate a variety of commercial uses within the District. Based on Measure J, which requires a vote of the citizens to change the zoning standard of any unincorporated agricultural property in Napa County through 2020, it is unlikely that the development of this parcel would induce the conversion of any adjacent agricultural land for commercial use or alter the service needs of the community other than reclaimed water service.
- There are 28 parcels located within Los Carneros Water District's jurisdictional boundary under "Williamson Act" contracts with the County of Napa. These parcels represent approximately 40 percent of the entire jurisdictional boundary and help to ensure the preservation of agriculture and open space as predominant land uses within the District.
- The development of reclaimed water service within Los Carneros Water District's jurisdictional boundary would not induce growth beyond what is already contemplated by the land use plans adopted by the County of Napa.

3. With respect to financing constraints and opportunities [Government Code §56430(a) (3)], the Commission determines that:

- Under its agreement with the Napa Sanitation District, the Los Carneros Water District is not responsible for costs relating to the construction or operation of facilities involved in the delivery of reclaimed water service within its jurisdictional boundary. This agreement (if realized) implies that the Napa Sanitation District will pursue future financing opportunities as it relates to reclaimed water service for the District through a surrogate role.

- The Los Carneros Water District is empowered under the California Water Code to generate revenue through assessments, bonds, and water use and standby charges. The District has elected not to pursue the development of revenue streams or cash reserves due to its agreement with the Napa Sanitation District that specifies it is not responsible for costs relating to the construction or operation of facilities involved in the delivery of reclaimed water service within its jurisdictional boundary. Accordingly, the District is not capable of issuing mailings, financing studies, or contracting with outside agents to evaluate alternative service or financing opportunities.
 - In 2002, California voters approved Proposition 50. This proposition authorizes the sale of \$3.44 billion dollars in general obligation bonds to help government agencies to develop and enhance local water resources and related infrastructure systems through grant financing programs. Although funding is expected to be competitive, this proposition provides an opportunity for the Los Carneros Water District to secure financing for a reclaimed water delivery system if it determines that its agreement with the Napa Sanitation District is no longer viable. The District should contact the Department of Water Resources to begin exploring funding opportunities under this proposition.
4. With respect to cost avoidance opportunities [Government Code §56430(a) (4)], the Commission determines that:
- The Los Carneros Water District's agreement with the Napa Sanitation District all but eliminates costs for the District with respect to the delivery of reclaimed water service to its constituents. Notable cost-savings associated with this agreement includes providing the District unconfined access to a wide range of administrative and operational support, including engineering and maintenance personnel.
5. With respect to opportunities for rate restructuring [Government Code §56430(a) (5)], the Commission determines that:
- The Los Carneros Water District does not have an adopted rate schedule for reclaimed water service. Under its agreement with the Napa Sanitation District, the District conveys all rights and powers relating to establishing reclaimed water rates within its jurisdictional boundary.
6. With respect to opportunities for shared facilities [Government Code §56430(a) (6)], the Commission determines that:
- Through its contractual relationship with the Napa Sanitation District, the Los Carneros Water District may benefit from collaborative reclamation projects under evaluation by the North Bay Watershed Association: a stewardship program comprised of public water and wastewater agencies in Sonoma, Marin, and Napa

Counties. The organization is currently evaluating the feasibility of bringing together several water and wastewater agencies in the North Bay for the purpose of constructing a jointly-operated reclaimed water delivery system for beneficial uses throughout the San Pablo Bay watershed. Notably, this project may provide an opportunity for the Napa Sanitation District to share costs with other agencies towards the construction of facilities for the delivery of reclaimed water to the District as part of a larger collaborative reclamation project.

7. With respect to government structure options, including advantages and disadvantages of consolidation or reorganization of service providers [Government Code §56430(a) (7)], the Commission determines that:

- The Los Carneros Water District is empowered under the California Water District Act to provide three municipal services: water, sewer, and hydroelectric power. Due to its predominant agricultural land use designation under the County of Napa's General Plan, the District does not require a full range of municipal services. Only water for irrigation of agriculture is an appropriate and needed service within the District.
- The Los Carneros Water District has been successful in meeting its original objective to facilitate an agreement with the Napa Sanitation District for the delivery of reclaimed water on behalf of landowners within its jurisdictional boundary. Through this agreement, the District provides a safeguard for the Napa Sanitation District with respect to developing its planned reclamation project for the Carneros area. Although it has not been developed, Napa Sanitation District's planned project remains a viable solution to meeting the District's needs to secure reclaimed water service on behalf of local landowners within the timeframe of this study.
- It is unknown if there are advantages to pursuing a change in reorganization for the Los Carneros Water District due to the limited information concerning alternative government structures and any cost-benefits with respect to meeting the service needs of the affected area. Additional information is needed to determine whether an alternative government structure would better serve the needs of the District's constituents as it relates to improving delivery service, public participation, and local accountability.
- There are two other public agencies empowered to provide water service for agricultural use whose jurisdictions overlap that of the Los Carneros Water District: the Napa County Flood Control and Water Conservation District and Napa County Resource Conservation District. Both of these agencies have elected not to offer water service, and have expressed no intentions of doing so in the foreseeable future.

- There are three public agencies with service areas in reasonable proximity to the Los Carneros Water District that produce reclaimed water supplies: the Napa River Reclamation District No. 2109, Napa Sanitation District, and the Sonoma County Water Agency. Of these three agencies, only the Napa Sanitation District is readily capable of extending service to the District based on its available capacity and supply of tertiary-treated wastewater.
- Due to a limited number of alternative service providers, the Napa Sanitation District offers the best opportunity for providing reclaimed water supplies to the Los Carneros Water District.

8. With respect to evaluation of management efficiencies [Government Code §56430(a) (8)], the Commission determines that:

- Los Carneros Water District has an agreement with the Napa Sanitation District that has deterred its board members from being proactive with respect to exploring alternative service options. The District should establish a timetable requiring it to determine whether its agreement with the Napa Sanitation District is still viable, and if not, begin to evaluate alternative service options. This timetable should conclude prior to LAFCO's next review of the District.
- The Los Carneros Water District should convene a public meeting to evaluate support among its constituents with respect to executing individual service agreements for reclaimed water service with the Napa Sanitation District. Upon determining the intent of its constituents, the District should convey its findings to the Napa Sanitation District. This information will help the Napa Sanitation District make an informed decision as to whether there is sufficient commitment among local property owners before committing its ratepayers to the costs of implementing its planned reclamation project for the area.

9. With respect to local accountability and governance [Government Code §56430(a) (9)], the Commission determines that:

- The Los Carneros Water District's governing body is comprised of four volunteer directors who are all serving expired terms. These board members have been reappointed in lieu of other candidates seeking election. The lack of willing participation among constituents to serve on the District's governing board has contributed to its complacency towards galvanizing support for executing individual service agreements with the Napa Sanitation District and exploring alternative service options.
- The Los Carneros Water District should appoint a fifth director to continue its established practice of maintaining a five-member board of directors. The appointment of a fifth director will help to ensure a quorum and strengthen the Board's accountability to the public.

- To enhance its public outreach efforts, the Los Carneros Water District should begin to recruit and acquaint new board member candidates with respect to local service goals and objectives in anticipation of future board member departures. These efforts will help to ensure a viable pool of successor candidates, and provide an opportunity to cultivate new perspectives and approaches that may prove successful in meeting the service needs of the District.
- The Los Carneros Water District has not conducted a regularly scheduled board meeting for several years. To ensure compliance with its enabling act, while enhancing community input, the District should adopt an annual calendar specifying dates, times, and locations for future board meetings with written notices made available to all local property owners.
- The Los Carneros Water District and its constituents would benefit from regularly scheduled board meetings at fixed times and locations. Notably, this would enhance the District's local accountability by providing an opportunity for its constituents to ask questions of their elected representatives, while helping to ensure that information is being effectively communicated to the public in a timely and efficient manner.
- To ensure its compliance with the Ralph M. Brown Act, the Los Carneros Water District must ensure that their deliberations are conducted in an open and transparent manner. These efforts will strengthen the District's accountability, and help to facilitate public participation in its decision making process.
- The Los Carneros Water District must improve its public dialogue to help ensure that other agencies in Napa County are aware of its activities and plans. At a minimum, this should include fulfilling its administrative duties relating to filling all required documentation with the State of California and the County of Napa, and provide LAFCO with annual progress reports with respect to developing reclaimed water service.
- The Los Carneros Water District should work with the County of Napa, Napa Sanitation District, and LAFCO to evaluate whether there are better alternatives to its current government structure. This evaluation should be facilitated by LAFCO and based on local landowners needs in relation to designated land uses and service capabilities of the Napa Sanitation District. These efforts will help address the question of how best to deliver reclaimed water to the District within a reasonable timeframe, while strengthening its long-term accountability to the public.